

“MIHealth Marketplace” – Michigan’s Health Insurance Exchange

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What is MIHealth Marketplace?

- MIHealth Marketplace is a non-profit corporation to be formed to operate a marketplace where Michigan individuals and small businesses can shop for, compare and purchase health insurance
- Corporate governance:
 - Corporation controlled by a Board of Directors
 - 7 voting members, to be named by the Governor
 - Appointed Board members will meet qualifications in federal law
 - OFIR Commissioner to serve as non-voting member
 - Executive Director appointed by the Board of Directors will run day-to-day operations
 - Supported by larger advisory board, composed of various stakeholders



Do We Need MIHealth Marketplace Now?

- YES; under the Patient Protection and Affordable Care Act (PPACA), each State is required to operate a health insurance exchange by January 1, 2014, or the Federal Government will operate the exchange for the State
- PPACA includes strict deadlines:
 - Limited Opportunities to apply for federal funding with no state match
 - January 1, 2013: must be “certified” by the federal government
 - October 1, 2013: open enrollment begins
 - January 1, 2014: Marketplace must “go live” according to federal law
 - January 1, 2015: Marketplace must be “financially self sustaining”
- If Michigan does not start the process now, a federal exchange will be *forced upon us*



So, Are We Adopting “Obamacare” By Establishing MIHealth Marketplace?

- NO; “Obamacare” is a rigid, federally imposed exchange run by the Federal Government that will be imposed on us if we do nothing
- The MI Health Marketplace is an online clearinghouse designed by Michiganders to meet the needs of the Michigan market, where buyers and sellers of health insurance – aided by agents, producers and “navigators” – will use technology to make insurance shopping as easy as other online consumer shopping experiences
- MI Health Marketplace will be a *non-exclusive* insurance portal; insurance products can and will continue to be sold outside of the exchange if consumers (individuals and businesses) prefer, and individuals and businesses may keep their existing health plans
- This will not create more government; it will be conducted by a non-profit corporation outside of State government



What Are Other States Doing?

- 49 states have taken some action towards forming a state-based health insurance exchange:
 - 49 states (including Michigan) received \$1 million planning grants
 - 5 states (including Wisconsin) have received “Early Innovator” funding
 - 17 states (including Indiana and Mississippi) have received Level 1 Exchange grants totaling \$220 million
 - 15 states have enacted legislation authorizing the formation of an exchange, 3 states have bills pending, 3 states have begun to establish an Exchange through Executive Order and 2 states already have operational Exchanges
- Michigan is neither “ahead of the curve” nor “behind the curve,” but further delay would put us quickly behind the curve given the impending deadlines and complex implementation requirements (including IT)



What Happens If Congress or the Supreme Court Reverse “Obamacare”?

- Given the current legislation and timelines, we cannot afford to wait for that outcome
- If a portion of the law is deemed unconstitutional, legal experts have opined that only a portion of the law (i.e. the individual mandate) may be affected and the balance of the law would not be affected
- If ACA is repealed by Congress, that would permit Michigan to structure an exchange without any Federal requirements, which may provide even greater benefits and flexibility to users of the exchange
- Even if either of these come to pass, a properly constructed exchange will provide benefits to Michiganders and the market will ultimately determine the success of the exchange, rather than any federal mandates



How Will This Be Paid For?

- Until December 31, 2014:
 - To be paid for with federal funding, to be applied for by State of Michigan
 - Level 1 Establishment Grants: Provides up to one year of funding for states that have made progress under their planning grants in order to continue to prepare for an establishment of an Exchange
 - Level 2 Establishment Grants: Provides funding through 12/31/14 to establish and operate an Exchange, but States must meet certain benchmarks to apply
 - Exception: 10% of IT costs associated with integrating Medicaid and the Marketplace must be borne by the State, which will be required even if the federal government operates the Exchange
- On and After January 1, 2015:
 - Must be self sustaining financially
 - To be financed by fees and assessments on plan issuers, and other sources as determined by the Board of Directors (e.g. advertising)



Plans and Benefits to Be Offered on MIHealth Marketplace

- Health plans in the Marketplace will be “Qualified Health Plans.” There will be 4 coverage options – known as “Precious Metal Plans”:
 - Bronze 60% actuarial equivalent
 - Silver 70%
 - Gold 80%
 - Platinum 90%
- Bronze plans would cost and cover the least, and the Platinum would cost and cover the most
- “Qualified Health Plans” must be certified by OFIR and the Marketplace
- Carriers who want to participate in the Marketplace are required to at least offer a Silver and Gold Plan, but any plan in the Marketplace must be offered, at the same price, outside of the Marketplace
- Health Plans will cover benefits required by federal and state law



How Will This Benefit Individuals and Families?

- Easy, online shopping experience (like Orbitz or Amazon) will provide greater transparency, access and choice
- Ability to easily compare multiple, competitive insurance plan offerings, including a “calculator” showing costs and differences
- For those with incomes between 138% and 400% of the Federal Poverty Level (i.e. \$30,843 to \$88,200 for a family of four), federal tax subsidies will be available to make premiums more affordable
- Many currently uninsured Michiganders (currently estimated at 1,300,000) will be able to purchase insurance at the Marketplace
 - Current “Hidden Tax” of \$1000/Michigan family with insurance will be reduced



How Will This Benefit Small Businesses?

- Easy, online shopping experience (like Orbitz, Amazon or Zappos.com) will provide greater transparency, access and choice
- Ability to easily compare multiple, competitive insurance plan offerings, including a “calculator” showing costs and differences
- Small businesses who offer their employees plans through the Small Business Health Options Program (SHOP) exchange are eligible for a two year, 50% federal tax credit toward their contributions
- Some small businesses who currently offer health insurance may opt to discontinue their plans and instead offer their employees health insurance through the SHOP program, thereby reducing their administrative burdens and exposures related to existing plans
- Small Businesses will have the ability to continue to use agents to assist them with finding health coverage



How Will This Benefit Plan Providers?

- Plan providers who offer “Qualified Health Plans” will gain access to a market that is estimated to number at least 520,000 customers, and an additional 500,000 customers coming through the Marketplace will be Medicaid eligible
- Will be able to continue to use producers and agents to sell their products and plan providers will continue to pay their commissions directly
- Will be a non-exclusive distribution channel in which plan providers may or may not decide to participate



What Will Happen To Health Care Costs?

- The impact on health care costs in Michigan, as well as additional data on the impact ACA has on health insurance, will be studied by an independent expert using Level 1 grant dollars
- Other states that have studied their potential market impacts have reported significant estimated increases for some individuals given their increased risk profile, and decreases for others
- Deferring to the federal government leaves Michigan with few options in terms of managing costs. This option forces the State and its job providers to wait on Washington to tell us what costs we would be required to take on
- Acting now would give Michigan time and flexibility to ensure a fiscally prudent approach, and give more certainty to the private sector. Deferring to the federal government or not acting swiftly will only increase uncertainty, which leads to higher risk in the insurance marketplace, and higher costs for Michigan consumers and job providers



How Will This Impact Medicaid?

- Those who come through the Marketplace, and are eligible for Medicaid and MIChild, will be able to enroll in those programs in a seamless, “real time” fashion
- While Medicaid and MIChild eligible individuals will be able to enroll through the Marketplace, which will be integrated with those programs, the State of Michigan will continue to control policies that govern the programs
- However, DCH, DHS and DTMB are collaborating on systems changes necessary for the Marketplace to interface with those agencies. The specific changes necessary will be developed utilizing funding from the Level 1 Grant
- Because some individuals will “churn” between Medicaid and Private coverage, there will need to be some additional coordination between the Marketplace and Medicaid to ensure seamless transitions between both coverage options



Other Key Points

- The legislation will not preempt the ability of the OFIR Commissioner to regulate the business of insurance within the State
- The legislation will not preempt the ability of the single state agency (DCH) to administer the Medicaid program
- Small business organizations, including agents and producers, can continue to serve their memberships with assistance navigating the marketplace
- Medicare will not be impacted by this initiative.



Other Sources of Information

HHS: <http://cciio.cms.gov>

NCSL: <http://www.ncsl.org/default.aspx?tabid=21393>

Kaiser Family Foundation:

<http://www.statehealthfacts.org/healthreformsource.jsp>

<http://healthreform.kff.org>



LARA MI Health Marketplace Leadership Team

Function	Individual	Role(s)
Coordinator	Steve Hilfinger	Project Owner
Manager	Chris Priest	Project Manager
General Counsel	Lisa Gigliotti	Legal Structuring, Legal Policy Review and NGA
Legislative Strategy	Shelly Edgerton	Legislation, Mapping and Legislative Contact and Coordination
Budget Development and Grant Management	Al Pohl	Budget, Grant Administration and Financial Projections



Questions

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Thank You